

Message Text

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21

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 SS-15 NSC-05 TAR-01

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R 120752Z MAY 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 5141

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EMO. 11652: N/A

TAGS: EAIR, TW

SUBJECT: CIVAIR: CHINA AIR LINES (CAL RAISES

COMMISSION LISSUE

1. IN WEEKEND TELEX MESSAGE, CHINA AIRLINES 5:-))
ADVISED ALL FOREIGN CARRIERS BASED TAIPEI THAT CAL
HAD INFORMED GROC CIVIL AEROUNAUTICS ADMINISTRATION
(CAA) OF RECENT IATA RESCISSION OF ITS AGENT COMMISSION
SCHEDULE. CAL SAID IT TOLD CAA MAJORITY OF MEMBER
CARRIERS FAVORED SEVEN AND ONE-HALF PERCENT AGENCY
COMMISSION. CAL FURTHER SAID CAA RESPONDED TO THEIR
DEMARCHE AS FOLLOWS: (A) ANY CHANGE FROM SEVEN PERCENT
AGENCY COMMISSION ON REGULAR SALES AND TEN PERCENT ON
IT SALES MUST BE FILED WITH CAA FOR PRIOR APPROVAL;
AND (B) WITHOUT CAA APPROVAL, NO CARRIER IS TO PAY

TO TAIWAN AGENT COMMISSION IN EXCESS OF "INDUSTRY
STANDARD" OF SEVEN AND TEN PERCENT RESPECTIVELY FOR
REGULAR AND IT SALES.

2. PAN AM REP ASKED EMBASSY GUIDANCE ON CAL INITIATIVE,
HE ASSUMED AT LEAST
PART OF ROC NATIONAL CARRIER'S
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CONCERN WAS PAN AM "INCENTIVE COMMISSION" GRANTING

AN EXTRA 3 PERCENT OF GROSS SALES IN 1975 WHICH EXCEEDED NINETY PERCENT OF GROSS SALES FOR COMPARABLE MONTHS IN 1974, AND WHICH BEING CHALLENGED IN UK AND ELSEWHERE. PAN AM REP SHOWED EMBASSY PAA HQ. MESSAGE WHICH STATED QUOTE U.S. STATE DEPT. AND CAB TAKE POSITION THAT COMMISSIONS ARE NOT PART OF RATES ARTICLES UNDER BILATERALS AND GOVERNMENTS CANNOT PROPERLY DEMAND FILING ON THIS BASIS UNQUOTE.

3. EMBASSY ADVISED PAN AM TO TAKE NO ACTION ON CAL MESSAGE, SINCE, EVEN THOUGH CAL IS NATIONAL CARRIER, INSTRUCTION BEARING ON OPERATIONS OF FOREIGN CARRIERS SHOULD COME FROM GROC CAA. CAL, INCIDENTALLY, IS FOREMOST RATE REBATER AND DISCOUNTER IN COUNTRY, CLOSELY FOLLOWED BY KAL AND OTHER ASIAN CARRIERS. U.S. AIRLINES, PARTICULARLY IATA-BOUND PAN AM, ARE OPERATING WITH SIZEABLE HANDICAP IN CUT-THROAT LOCAL ATMOSPHERE.

4. EMBASSY WILL DO NOTHING FURTHER ON MATTER UNTIL FORMAL NOTIFICATION TO CARRIERS BY CAA. WE EXPECT SUCH A COMMUNICATION TO BE ISSUED TO CARRIERS WITHIN REASONABLE TIME. WOULD APPRECIATE DEPARTMENT'S GUIDANCE IN ORDER ADVISE PAN AM AND NORTHWEST IN EVENT THEY ARE ASKED TO FILE FOR AGENT COMMISSION APPROVAL WITH ROC CAA.
POPPL

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